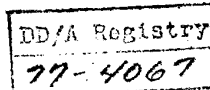
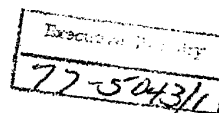


ADMINISTRATIVE - INTERNAL USE ONLY



18 JUL 1977



MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director for Administration

FROM : F. W. M. Janney
Director of Personnel

SUBJECT : Response to Letter from Mr. John A. McCone
Regarding Educational Aid Fund

REFERENCE : Employee Bulletin No. 574, dtd 1 March 77,
Titled: Educational Aid Fund

1. Action Requested: That you sign the attached letter to Mr. John A. McCone in response to his request for the current policy with regard to the Educational Aid Fund (EAF).

2. Background: The EAF is a voluntary association which was formed in October 1963 to provide financial assistance to dependent children of current, retired and deceased Agency employees, who are attending or about to attend institutions of higher learning. All such assistance is awarded on a competitive basis in the form of interest-free loans and grants. Since its inception EAF has awarded 448 scholarship grants and loans totaling \$295,000. An Employee Bulletin (copy attached) was issued in March 1977 summarizing the operation and history of the program.

The Fund receives the preponderant part of its contributions in the form of small donations made during the general solicitation of the CIA employees concurrently with the annual Combined Federal Campaign. The first appeal for contributions was made to Agency employees during the 1964 Campaign. Outside contributions were requested in subsequent years.

On 16 November 1970, Mr. McCone agreed to give \$50,000 to EAF over a period of ten years and to undertake a fund-raising campaign in New York in February 1971 among alumni and others interested in intelligence activities. The latter included business friends and associates of Mr. McCone who were affiliated with some of the largest corporations in the United States. The highlight of the campaign was a dinner hosted by Mr. McCone at the Links Club in New York on 10 February 1971.

Since his commitment in November 1970 to support the Fund, Mr. McCone has contributed \$5,000 each year in 1971, 1972, 1973 and 1974. When he last offered to give another fund-raising dinner, considerable attention was being placed on the Agency and possible connections with large corporations. Mr. McCone was advised in general terms that we preferred not to involve outside help at that time in order to avoid any possible misinterpretation.

3. Staff Position: During the academic year 1976-77 EAF awards totaling \$48,000 were made to 39 of 130 applicants. The principal source of funds, our annual solicitation of employees, resulted in approximately \$33,000 in contributions during our last fund drive. Additional revenue was received from the interest and dividends on assets of the Fund. While EAF is adequately funded at present, there is not a surplus of financial resources and educational costs continue to rise. Individual contributions from those with close Agency ties should continue to be encouraged.

In the foreseeable future it would not appear desirable or necessary for EAF to engage in public fund-raising activities.

4. Recommendation: That you sign the attached letter to Mr. John A. McCone which invites his continued personal support of EAF while indicating that we do not believe any further fund-raising activities will be necessary.

/s/ F.W.M. Janney

F. W. M. Janney

Atts

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EMPLOYEE BULLETIN

EB No. 574

1 March 1977

EDUCATIONAL AID FUND

1. The Educational Aid Fund (EAF), a voluntary association which provides assistance to dependents of CIA employees attending institutions of higher learning, was established in October 1963. The Director approved the Scholarship Program in May 1964.

2. The fund, governed by a Board of Trustees consisting of senior Agency officials, was granted tax exemption under Section 501(c)(3) of the Internal Revenue Code. It receives most of its contributions in the form of small donations made concurrently with the annual Combined Federal Campaign.

3. The first appeal to Agency employees for contributions was made during the 1964 campaign. Major contributions have been received from John A. McCone and the family of Frank G. Wisner. In addition, contributions are occasionally received from outside sources.

4. For years, in addition to the general scholastic fund, there was a separate fund used for study at the Massachusetts Institute of Technology (MIT). The donor who established this fund stipulated that dependents of employees in the Operations Directorate were to be given preference, although children of employees in other directorates were also eligible. Initially, members of the Board of Trustees of the EAF constituted the subcommittee responsible for administering the MIT funds. Later, the Office of Technical Service assumed responsibility for administering the MIT Program. The MIT scholarship program was discontinued in 1973.

5. EAF currently has four special awards:

a. Frank G. Wisner Scholarship - Awarded on the basis of outstanding academic and personal achievement. Established in 1968, there have been twelve awards totaling \$13,450.

b. - Designated exclusively for a student who demonstrates unusually high personal motivation through self-help. Established in 1971, there have been seven awards totaling \$8,200.

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c. John A. McCone Award - Granted to an applicant whose financial need is the main criterion. Since establishment in 1971, there have been six awards totaling \$7,400.

d. Lawrence K. White Award - Designated for a young person who has demonstrated unusual leadership qualities. Established in 1972, there have been four awards totaling \$5,200.

6. Qualified dependent children of current, retired and deceased Agency employees are eligible for EAF assistance. All financial aid is awarded on a competitive basis in the form of interest-free loans and grants. The primary factors in determining eligibility for scholarship aid are the applicant's scholastic record, motivation, and financial need. Selection is based on the applicant's academic achievement as indicated by secondary school records and college board scores, recommendation from high school faculty, an essay written by the student and a financial statement from the parents. Applicants are expected to contribute to their educational expenses through part-time work during the school year and during the summer or by qualifying for other scholarships. More than one member of the same family may receive an award. Students who are granted awards may apply for the same awards in succeeding years.

7. In order not to influence the selection process, the names of candidates and their parents are removed from applications reviewed by the EAF Selection Committee. The committee submits its recommendations to the Board of Trustees for each case. Although the committee will recommend a grant when unusual financial problems exist, loans have been the usual form of EAF assistance.

8. Since 1970 nine individuals have been awarded more than \$3,000 each in loans and grants. Two of the individuals have each received four loans totaling \$3,150 and two other individuals have each received three loans totaling \$3,300 and \$3,200, respectively. One individual has been awarded three grants (\$3,500) and one loan (\$1,500) for a total of \$5,000. During the twelve years that EAF has been in operation, 448 scholarship grants and loans totaling \$295,000 have been made.

9. Since educational costs have risen an estimated 5 to 9 percent in academic year 1976-77, awards made in 1976 were increased proportionately. For the current school year, awards totaling \$48,000 were made to 39 of the 130 applicants, varying in amount from \$300 to \$2,500.

Attachment

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